

CLAYTON COUNTY BOARD OF COMMISSIONERS

Public Hearing
5:30 P.M.

June 4, 2013

M I N U T E S

PRESENT: Chairman Jeffrey E. Turner, Vice-Chairman Michael Edmondson, Commissioner Sonna Singleton, Commissioner Gail Hambrick, Commissioner Shana M. Rooks, and Clerk Shelby D. Haywood.

1. Chairman Turner called the meeting to order.
2. Invocation was led by Chaplain Stanley Owen of the Clayton County Sheriff's Office. Pledge of allegiance to the flag was led by Chairman Turner.
3. Clerk Haywood read the purpose of this public hearing as follows:

PURPOSE: To provide citizen input in the County's proposed Annual Operating Budget for Fiscal Year Ending June 30, 2014.

4. Ramona Thurman, Chief Financial Officer, presented the following proposed FY-2014 Annual Operating Budget.

Ms. Thurman noted that she would present a short power-point presentation on the FY-2014 budget to highlight major points. She also stated she had provided each Board member the budget (in "blue book form") in their mailboxes last week. According to state law, the County is required to adopt a budget for FY-2014 and the budget has been advertised as required by law. This budget is scheduled for Board adoption on next Tuesday, June 11, 2013. Due to the difficult economic circumstances many counties have experienced across the nation, Ms. Thurman stressed that it is critical for the County to find a balance to maintain essential services for Clayton County residents and, at the same time, minimize tax increases on residents.

Per Ms. Thurman, the FY-2014 General Fund budget totals \$172.8 million, which is a decrease of \$19.6 million or 10.2% from the FY-2013 amended budget. This decrease results from bond refunding, which the Board approved at the previous business meeting. Currently, the County is not required to have those bonds in the budget; therefore, that accounts for the \$172.8 million figure.

Some of the revenue challenges that Clayton County continues to face along with other counties in

the nation are property taxes. This year, although it has not been as much as it has been in the past, Ms. Thurman stated there is a decrease in the Tax Digest for the FY-2014 budget which amounts to 3%. On the positive side, property values are presently on the rebound in the commercial area. Residential values, however, are declining.

The County will lose an estimated three (3) million dollars in the Local Option Sales Tax (LOST) due to renegotiation with the municipalities. If the County had not negotiated with the municipalities, it would have had to create Special Tax Districts that would have assessed additional taxes on the communities.

At this point in the meeting, Commissioner Hambrick asked for clarification on the County's loss of three (3) million dollars. Ms. Thurman answered that this decrease in LOST revenues resulted from renegotiated percentages shared with the municipalities.

Referencing the power-point presentation, Ms. Thurman stated that the County has also lost two (2) million dollars with the decrease in property taxes all over the nation. She accessed a website called realtytrack.com to determine the average sale price of homes in Clayton County and discovered that it was \$47,900.00 (as of March 2013). Based on that figure, a resident would pay \$173.75 in property taxes. Commissioner Hambrick questioned if Ms. Thurman had consulted with the Tax Assessors Office regarding the average sale price of homes in the County. Ms. Thurman confirmed that she had received information from the Tax Assessors Office as well. Commissioner Hambrick expressed that she would feel more comfortable with information received from the Tax Assessors Office instead of from a website. Ms. Thurman acknowledged that the County's Chief Appraiser/Tax Assessors Office, Rodney McDaniel, was present in the audience if Commissioner Hambrick needed to hear from him. Commissioner Hambrick then asked Mr. McDaniel if he had any average home sale prices that were closer. Mr. McDaniel stated that he had not run any average sale prices recently, but he would be glad to provide that information to Commissioner Hambrick as soon as possible following this hearing. Chairman Turner advised that any questions from the Board should be raised later in order to allow Ms. Thurman to finish her budget presentation. Information that the Board needed could be obtained and discussed tomorrow, and any problems could be resolved before the budget adoption on June 11, 2013.

Ms. Thurman alerted the Board that realtytrack.com was a standard website that the previous administration had used to obtain data for average sale prices in the County. She continued by quoting her average home sale prices for prior years as follows: In 2012, the figure was \$51,000.00 which translated into a \$200.84 property tax bill. The year 2011 produced an average home sale price figure of \$55,000.00 which resulted in a \$218.78 property tax bill. Ms. Thurman emphasized that the Board of Commissioners approved a millage rate increase in 2011 for the FY-2012 budget.

She reiterated that the County has been impacted by additional revenue losses which include a \$3 million loss in Local Option Sales Tax (LOST) as a result of the County's renegotiation with the municipalities, a \$1 million loss in the discontinuation of a School Resource Officers' contract with the Clayton County Board of Education/Sheriff's Office, and a \$1 million loss in state reimbursement since the County is not holding inmates past the fifteen days in which costs would be associated to house those inmates. Those inmates are now being released at an earlier time.

Comparing the FY-2014 Tax Digest with the FY-2013 Net Tax Digest, Ms. Thurman stated there was a slight decrease and acknowledged that this decrease has not been as much as it has been in the past. This proposed budget is based on the base millage rate remaining the same. The sales tax credit has been calculated, and the FY-2014 credit is slightly more because the County collected more sales tax this year. The total sales tax credit is based on the number collected so, if that number is higher, the sales tax credit is higher; therefore, the net millage rate is reduced. She stressed that the FY-2014 net mill rate due to the sales tax credit is 14.549 compared to the FY-2013 net mill rate of 14.912. The FY-2014 property taxes generated an amount of \$84.5 million but, based on an historical analysis, the Finance Department has predicted that a 95% FY-2014 collection rate would total \$80,273,396.00 compared to a 92% FY-2013 collection rate of \$80,299,408.00. This 95% collection rate prediction is a more comfortable one because it is based on an improved economy that enables taxpayers to pay their property taxes.

The next power-point slide Ms. Thurman referenced was Property Tax Appeals, based on data obtained from the Tax Assessors Office yesterday. Appeal notices were mailed to homeowners in April of this year, and the deadline to appeal is June 10, 2013. To date, the Tax Assessors Office has received 1,865 appeals valued at \$753 million. That figure would reduce the Tax Digest by \$9.1 million and have a negative impact on the County's budget if all of the appeals were awarded (which is unlikely).

Per Ms. Thurman, another budget consideration is litigation. The Legal Office has indicated that the City of Atlanta/5th Runway case involving properties around the airport is close to a settlement which is allocated to come from the County's reserve account (another factor that will reduce the Digest).

Ms. Thurman noted that the County's revenue projections are as follows:

\$	172.8 million (FY-2014 General Fund Budget)
\$	81.2 million (with 47% of the revenues coming from property taxes)
\$	46.6 million (Other Taxes and Assessments)
\$	5.18 million (Licenses and Permits)
\$	3.4 million (Governmental)

\$	24.19 million	(Child Support Services)
\$	5.18 million	(Forfeitures)
\$	6.91 million	(Other Revenue Sources)
\$	5.0 million	(Fund Balance)

She then showed the Board a percentage pie chart of how those revenues were coming into the County.

Next, Ms. Thurman referenced a graph which depicted the expenses in the budget requested by each department in budget hearings and affirmed that the actual expenses totaled \$189.3 million. Following the budget hearings, that figure was reduced to \$182.3 million. When the budget was reviewed and a determination was made of how much County revenue was available, there was an approximate \$14.5 million deficit. Some cuts had to be made in certain areas; i.e., items that had been placed on the table after the budget hearings. These items were essentially new things that had been requested and could not be funded. The Finance Department transferred \$4 million from the General Fund Budget for Transportation & Development Department costs to the Special Local Option Sales Tax (SPLOST) Fund because throughout the year when SPLOST projects are started, a time sheet is created where Finance allocates the costs of these projects to SPLOST. By this action, there is no need to budget that money in the General Fund because it would over-inflate the budget by that amount and reduce expenditures as well.

Ms. Thurman stated that another idea she and Chairman Turner had discussed was to freeze all open positions in the County. The County currently has \$6 million in open positions, so freezing them would create a savings for the County. In this case, only essential positions would be filled. Through the exercise of cutting costs, the Finance Department was able to get \$12.8 million to get down to a \$169.415 million figure (with Operating Transfers Out added in the process). Other expenses were as follows:

\$	110.6 million	(Personnel/with salaries & benefits/health, life, dental, retirement)
\$	53.6 million	(Operating Expenses)
\$	1.7 million	(Capital Outlay)
\$	1.7 million	(Debt Service)
\$	<u>5.2 million</u>	(Other Services – Part of that is the Fire Fund)
\$	172.8 million	Total Expenses

As evident in any industry, company, agency, or organization, Ms. Thurman expressed that the majority of expenses is in human capital (personnel) and the same holds true in the County.

The Finance Department also prepared a slide of expenditures by category; i.e., general government, tax assessment collections, public safety, etc. to give the Board an outline of how much was spent in each of those categories. Most of them are in the County's court system and law enforcement. When the Finance Department completed this slide, there were total revenues of \$167,747,784.00 and total expenditures of \$172,073,754.00 (after making all the cuts) that resulted in a deficit of over \$5,000,000.00. In balancing the proposed FY-2014 budget, five million dollars will come from the Fund Balance; two (2) million dollars of that is for General Fund expenditures; and three (3) million dollars will be transferred to the Fire Fund. Due to a decrease in property values, the Fire Fund has not generated enough monies to maintain operations and has to be supplemented. Additionally, the proposed FY-2014 budget has been impacted by the three million dollar LOST proceeds reduction and two million dollar reduction in the SRO program and the Department of Corrections. The Finance Department was able to offset three million dollars of that total five million dollar revenue loss by making budget reductions. According to Ms. Thurman, the millage rate is scheduled to be adopted in July 2013 and public hearings will be held in the event of a millage increase (which would be calculated by the Tax Commissioner at that time). Ms. Thurman asked the Board if there were any questions or comments on the proposed FY-2014 budget presentation.

Commissioner Singleton stated that she wanted to go on record with an email she had sent to Chairman Turner about this proposed FY-2014 budget. She had also provided the Chairman and the Clerk a copy of the email in this public hearing today. Commissioner Singleton proceeded to read this email for the benefit of others as follows:

Mr. Chairman,

It has been stated by you on many occasions that transparency and accountability are two of our most important guiding principles. Nowhere are those guiding principles more important than in the budget. Therefore I believe I have a duty to point out, in this budget, those areas that appear to lack clarity or transparency.

We all know that when budgets are balanced using reserves this eventually creates major problems. We know that continuing expenditures require continuing revenues. Your budget shows that approximately \$5 million dollars of reserves are used to balance it.

Still there are major questions to be answered concerning the budget. Does this budget honestly show the amount of reserve (fund balance) being used to balance it? Are we being transparent or are we hiding a much larger "hit" on the reserves that my colleagues and I worked so hard over the past years to build up? The reserve that you inherited should allow the board to continue to a high level of service to the citizens without any further tax increases

for a number of years to come. We need to ensure that we continue on that path. Your budget raises a number of concerns. I will point out a few that I request that you address in a formal manner.

- On page one of your budget message, you state that the decline in the Tax Digest for FY-2014 “represents approximately \$4.7 million in funds.”...i.e., we will collect \$4.7 million dollars less than we did last year. Last year we collected approximately \$50 million in real property taxes. Yet, your budget proposal projects that we will collect the same \$50 million dollars we collected last year. To achieve that feat, we would have to collect 100% of what Mr. Baskin will actually bill. There is no historical precedent for collections at that level. What factors cause you to believe that we will collect tax revenues at nearly 100% of billing? Are we hiding a much larger “hit” on our reserves than you are showing?
- On the revenue side, you project a \$2 million increase in ambulance fees. Is a 36% increase realistic given our demographics? Or are we hiding a much larger “hit” on our reserves than you are showing by inflating EMS fees?
- As a result of the settlement agreement with the cities, the County will give them \$3 million of our LOST funds. How and where do we make up those dollars? Where does that revenue come from? Are we hiding a much larger “hit” on our reserves than you are showing?
- On page 159 of the budget book, your note indicates that the \$6 million expenditure reduction in “Other General Government” is due to shifting T&D personnel cost to SPLOST. If that is so, it appears you have understated expenditures by at least \$4 million, because you had already reduced the T&D personnel budget by that amount. What is the justification for the additional \$2 million reduction in expenditures? Are we hiding an additional \$6 million “hit” on our reserves by double counting expenditure reductions?

Even if one didn’t ask the questions I asked above, a reasonable person could ask this one.

Should we really believe that you would only use \$5 million in reserve when you

(a) start off with \$4.7 million less revenue from the digest, and \$3 million less from the LOST;

- (b) increase the budget by \$2 million**
- (c) give \$3 million from reserves to Fire; and**
- (d) reduce expenditures \$6 million by double counting T&D dollars?**
Where did the rest of the money come from?

The fact is that if all of the above are true and, if we are transparent, this budget is over \$10 million out of balance, even with the \$5 million infusion of reserve. I am sure you would agree that such a scenario would be unacceptable. We can't call ourselves good stewards and balance the budget with \$15 million from reserves. Are you planning to do the same thing next year? How about the year after that? How about when we are broke and bankrupt like Detroit? What happens to our credit rating when the rating agencies discover that we are balancing our budget with reserves?

We often hear the word "sustainability" in conversations these days. This Board and the people of this County need to know that this budget is sustainable and we need to be transparent. I would hope to receive an answer to the questions I have raised before there is a vote on the passage of this budget. Again, I look forward to you addressing these issues in a formal manner.

Thank you,

**Sonna Singleton
Commissioner, District 1
Clayton County Board of Commissioners**

Chairman Turner thanked Commissioner Singleton for her insight and input; however, he noted that since her concerns had been relayed to him only ten (10) minutes before this hearing, he had not had adequate time to respond to them. Commissioner Singleton replied she understood that and acknowledged that she had not been available recently due to being out of town. Chairman Turner assured Commissioner Singleton that "transparency" is first and foremost for him, and there is no hidden agenda or a much larger "hit" (as Commissioner Singleton had phrased it) in this budget. He added that he had consulted with the Chief Appraiser of the Tax Assessors Office and the Tax Commissioner about this budget. Chief Financial Officer Ramona Thurman actually attempted to set up a meeting with Commissioner Singleton a few weeks ago to answer any questions or concerns, but Commissioner Singleton had other obligations at that time. Chairman Turner said he wished that

Commissioner Singleton could have had an opportunity to sit down with him and Ms. Thurman to clarify a number of those points at that time. The whole purpose of composing this budget was hopefully not to have to increase the millage rate (as has been done in the past) or to affect citizen services because citizens are of the utmost importance to this Board and such services need to be protected. It is evident that citizens have already been “taxed to the gills,” so his direction was to compose a budget that did not adversely affect the citizens. Chairman Turner acknowledged that some of the questions Commissioner Singleton raised were actually addressed by Ms. Thurman during her presentation at this hearing, but he and Ms. Thurman would be glad to answer any other questions Commissioner Singleton raised that had not been addressed. He extended an invitation to Commissioner Singleton to sit down with them in the next few days to resolve any concerns prior to the next business meeting. Commissioner Singleton thanked Chairman Turner and stated she would be happy to send Ms. Thurman a copy of the email she had previously read in order to get a response in writing.

Vice-Chairman Edmondson stated that he had a few questions about this proposed budget. He added that he and the other commissioners had received a copy of Commissioner Singleton’s email. Vice-Chairman Edmondson asked Commissioner Singleton if her reference to \$6,000,000.00 on page 159 of the “blue budget book” should have been on page 199. Commissioner Singleton responded no, she meant page 159 of the “green bar” that she had obtained from Budget Manager Dennis Johnson to get an overview of all of the County’s accounts. Vice-Chairman Edmondson said he was having a difficult time following what Commissioner Singleton had referenced and he needed clarification. Commissioner Singleton directed Vice-Chairman Edmondson to the heading of “Other General Government Significant Expenditures and Staff and Changes” on page 159. There is a notation on the bottom of that page which states the FY-2014 employee time worked on SPLOST projects will be charged to the related project in the SPLOST Fund. She pointed out that those expenditures have already been deducted from that T&D account, as indicated in the “green bar.” Budget Manager Dennis Johnson clarified that there is a reduction of \$4 million from the General Fund and then there is an increase on the SPLOST side in the same amount. One can see \$4 million at the top right of that number and the green bar depicts a \$4 million offset to T&D under the 4075 account (on the first set of reports); therefore, it matches “exactly.” Chairman Turner surmised that the actual amount is \$4 million instead of \$6 million. Mr. Johnson clarified that the exact amount is \$4.3 million.

Vice-Chairman Edmondson stated that he was just looking for some clarity because he thought he had heard \$6 million earlier regarding the freezing of vacant positions. He further questioned if freezing vacant positions (except for essential services) to save \$6 million had been built into the budget. Ms. Thurman answered yes. Vice-Chairman Edmondson stated that every department could be considered as “essential to somebody,” so he wanted Ms. Thurman to elaborate on whether these positions would be policemen or librarians, etc. because \$6 million could affect a lot of people.

Commissioner Hambrick piggybacked on what Vice-Chairman Edmondson stated by asking how long these positions would be frozen, such as freezing these positions until the following budget year. Commissioner Rooks interjected that she thought that question would be contingent upon revenues. Ms. Thurman explained that these are presently “unfilled vacant positions” that would not be filled. An amount of \$300,000.00 has been left to take care of essential services, and some public safety positions have remained vacant. Should the County receive more revenue than anticipated, such positions would then be released for hire. Vice-Chairman Edmondson asked if these positions would be within the Board of Commissioners Office or extend to the offices of the other constitutional officers. Ms. Thurman replied that these positions would be county-wide. Vice-Chairman Edmondson questioned if the Board would be allowed to dictate that or if the constitutional officers had agreed upon these frozen vacant positions in their offices as a part of the proposed budget. Ms. Thurman responded that these were some of the essential positions that were not included in the \$6 million, totaling 96 or 97 positions. Chairman Turner added that this was an option he favored in lieu of laying off or firing employees.

Vice-Chairman Edmondson noted that Ms. Thurman had talked about the County’s \$3 million, \$1 million, and \$1 million revenue losses; and one of them was the School Resource Officers’ (SRO) contract. He wanted Ms. Thurman to speak to the offset of expenditures because it appeared that when the Board of Commissioners entered into that contract with the Sheriff’s Office a few years ago, there were contractual positions. If the revenue were lost, then the County would not lose the expenditures. Vice-Chairman Edmondson wondered if there were an equal offset for the lost revenues. Ms. Thurman affirmed that the County had not eliminated any of those positions. Chairman Turner interjected that those positions reverted back to the Sheriff’s Office. He believed the Sheriff had requested a total of 22 officers in his budget, which was the same number of officers that the Sheriff said he needed to run the Jail. Instead of allocating new positions for the Sheriff’s Office, Chairman Turner stated he recommended that those positions be absorbed into the Sheriff’s Office. Vice-Chairman Edmondson replied that this is what gets back to the crux of his concern. He realized that some of the commissioners were newer than others, but two (2) budget cycles ago the former Sheriff and Board of Commissioners spent a lot of time and analysis on personnel necessary to run the Jail and field operations. It was determined then that a substantial increase from the General Fund would allow the Jail to be adequately staffed without having to pay any overtime whatsoever, so Vice-Chairman Edmondson questioned how many positions were being discussed all of a sudden.

Chairman Turner inquired if Vice-Chairman Edmondson were speaking about the Board allocation or the number of officers who participated in the SRO program. Vice-Chairman Edmondson responded that the created SRO positions were positions allocated specifically for certain Clayton County schools, but the Board separately increased the personnel at the Jail, in field operations, and

in other roles to reduce/eliminate the overtime at a fixed level. Now all of a sudden the Jail needs twenty more positions to keep doing what has already been done for the last two (2) fiscal years without overtime. Chairman Turner clarified that the Sheriff's request was for more than twenty-some-odd personnel. The men and women who man that SRO program came from within the Jail and were ten (10) to twelve (12)-year veterans. Since they agreed to take that assignment, he wanted to know if Vice-Chairman Edmondson were suggesting to "lay them off" when they have been dedicated County employees. Chairman Turner stated that he was personally against a reduction-in-force by laying them off. Commissioner Rooks asked if people were hired when they went to the SRO program. Both Chairman Turner and Vice-Chairman Edmondson explained that they were new positions, but some people put in for a transfer to the new positions; some people were transferred by the Sheriff; and some positions were being deleted. Basically, new positions were created to give people their old jobs back. Commissioner Rooks surmised that personnel increased and the funding for the personnel decreased. Chairman Turner agreed that this was correct. Vice-Chairman Edmondson admitted he did not know the salaries of these people, but he calculated that twenty people being paid \$50,000.00 each is over a million dollars. For clarity's sake and due to the recent receipt of this budget information, he understood that the County would be creating over a million dollars of new positions to offset the LOST million dollars.

Regarding the Fund Balance, Vice-Chairman Edmondson stated his concern was similar to Commissioner Singleton's concern. He asked for an explanation of the Fund Balance before and after the proposed \$5 million hit because he understood that the Fund Balance has been declining. If that is true, Vice-Chairman Edmondson asked if the Fund Balance would be dropping further or if the County is spending airport sale revenues or property taxes. Ms. Thurman answered that the Fund Balance at the beginning of the fiscal year was \$51 million. With Board approved adjustments made throughout this fiscal year, it is projected that expenditures will decrease the Fund Balance to \$43 million at the end of FY-2013 (including all budget amendments that the commissioners approved since July 1, 2012). If the County spends less, that number would increase. It is all based on the level of spending. Should the County have to use \$5 million of the Fund Balance to balance the budget for the Fire Fund, the projection for the Fund Balance next fiscal year would be \$38 million. That number could change based upon receipt of other revenues; however, Ms. Thurman reiterated that the County can increase its reserve if it spends less.

Vice-Chairman Edmondson stated he was aware of some prudent accounting standards in which there is a floor for "reserve," "unreserved," "restricted," and "unrestricted." He asked if the \$38 million reserve is considered bottom level or adequate from a historical perspective. Ms. Thurman confirmed that the County still has a good reserve cushion and it is in compliance with Board policy. The projection is \$172 million and 10% of that is \$17 million, so the County would be \$4 million above and it has actually doubled that amount in the Fund Balance. She emphasized that the County

has to be careful about setting the reserve too high because she learned in a GFO conference/class recently that the reserve should be based on the Board of Commissioners' goals. The goal is already 10% and there could be an issue regarding why the County is holding on to the money. It is prudent to have a healthy fund reserve in the event of an emergency or economic hardship. Vice-Chairman Edmondson gleaned that the County has spent \$3.4 million to date, not counting in the amended revenue for grants or unanticipated funds. Budget Manager Dennis Johnson added that \$1,050,000.00 for police cars was not a part of the budget and had to be amended in "after the fact." Chairman Turner noted that the Board needs to be vigilant about making amendments to the budget after the budget has been set, and a set budget for items/projects needs to be stuck to as closely as possible.

Commissioner Rooks wondered how the County had reached an amended budget of \$21.5 million from July of last year. Ms. Thurman stated that some of that amount is offset by revenue as well. When she had spoken of the \$17 million refinancing bond increase, the County had revenue to offset that figure. The revenue has to be increased by that amount which makes the amended budget more. Commissioner Rooks questioned when that increase occurred. Ms. Thurman replied that it was finalized in October of last year and the Board approved it in a recent business meeting.

Concerning the airport settlement, Commissioner Rooks questioned if the \$6.8 million figure were the amount that Clayton County is giving to the City of Atlanta. She was unaware of when the lawsuit occurred and why the County has to pay money. Ms. Thurman deferred to Interim County Attorney Jack Hancock to explain the legal details of that settlement. Mr. Hancock explained that the City of Atlanta in the early 2000's acquired a number of land tracts for the 5th Runway. In fact, he believed the City of Atlanta began acquiring those tracts in 1999 and they were all on the tax rolls. The County continued to tax those parcels as they were being acquired and owned by the City of Atlanta. Per Mr. Hancock, the standard is that the land tracts became exempt when being used for airport purposes. As of January 1, 2004, the City of Atlanta filed tax appeals and the County entered into a stipulation with the City of Atlanta to try one (1) case which went all the way through the Georgia Supreme Court to determine whether or not they had met the legal standards for those properties to be exempt as of January 1, 2004. The court ruled that they had met those standards in a 2007 decision; therefore, there was a window of years 2004, 2005, 2006, and 2007 where the City of Atlanta had paid taxes on those parcels and the County would be required to refund the City of Atlanta. Since that time, the County has been in the process of negotiation. Additionally, there were five (5) other parcels that the City of Atlanta owned that are a part of the airport and were leased to Delta Airlines and/or AirTran for purposes of their business operations. The Tax Assessors Office contended that those parcels were not necessary for airport operations, so the County litigated that matter. The court found that some of those parcels were necessary and some were not. For those parcels that were found to be necessary, the County is refunding the monies that the City of Atlanta

paid going back through the time that the litigation took place. The total number closely agreed upon by both entities is slightly over \$9.5 million; however, the County's portion of that (because tax revenue is divided among the School Board, the County, and the state) is slightly below \$3 million since the majority of the land acquisition occurred in the early 2000's when the millage rate was lower and the County's portion of the tax revenue was smaller. Remaining monies of that refund will come from the School Board and the state. The County has also negotiated the methodology for repaying those funds through taxes received over the next 5-7 years and that methodology is still pending (if the Board chooses to do this). Mr. Hancock concluded that cash dollars out of the County's pocket, if the County paid off its portion, would amount to slightly below \$3 million.

Commissioner Rooks surmised that the \$6.8 million that was projected serves as a "cushion." Mr. Hancock admitted that he was not a part of the initial process, but he believed the persons involved were not thinking about the fact that it was not all County money when the reserve was put in place. Essentially, some of that amount was supposed to be School Board money and some of it was supposed to be state money. The \$6.8 million was the total amount that would have to be refunded to the City of Atlanta when that reserve was originally put in place (and that has been for a while). In simple form, Commissioner Rooks stated the County may be able to retain \$3 – \$5 million. Mr. Hancock answered that if the reserve is \$6.8 million, he would be comfortable in saying that the County would be able to retain a minimum of \$3 million and maybe more (depending on the settlement). Commissioner Rooks asked if this amount would offset the number that Ms. Thurman gave on the expenditure side. Ms. Thurman said no, because the \$6.8 million was not included as a part of expenditures; it just goes back to the Fund Balance. Historically, that reserve was set aside as \$6 – \$8 million and she and Mr. Hancock had discussed this matter. Ms. Thurman noted that her inclination was to reduce that figure to \$4 – \$5 million. Chairman Turner asked if the School Board would be responsible for any of that amount. Mr. Hancock replied yes, and he is still discussing this issue with the School Board. He also noted that if a refund is due, the refund statute states that the Tax Commissioner pays that money out of received funds before they are distributed. Each entity has to pay its share of the \$9.5 million or, if the \$9.5 million is not attainable, it can be negotiated to a lesser amount by implementing a payment plan (should the Board choose to take advantage of it). Mr. Hancock apprised the Board that he has been discussing with the School Board what type of method it wishes to use to make the payment (including the payment plan), and an answer regarding payment terms has not yet been reached. He reiterated that out of that \$9.5 million, the County's portion is almost \$3 million and the state's portion is only 2%. Essentially, the bulk of the monies will come from the School Board. Just for the record, Chairman Turner stated that the County will have additional funds coming back to the General Fund (upon settlement of the City of Atlanta lawsuit). Mr. Hancock agreed that Chairman Turner was correct.

Commissioner Rooks inquired about cutting expenditures and whether the County fleet had been

reviewed in terms of how many cars are driven out of the County. She had figured out that 62% of County cars that are driven leave the County every day. Chairman Turner responded that he was still looking at an essential needs basis regarding cars that are driven out of the County. He could give Commissioner Rooks a more accurate account later based upon his findings. Vice-Chairman Edmondson interjected that the previous Board worked on that topic four (4) or five (5) years ago.

Vice-Chairman Edmondson indicated that he had a follow-up budget question to get a better understanding of the Fund Balance. By using projections, approximations, and all disclosures, he understood that the Fund Balance will be \$43 million. If there is a \$3 – \$5 or \$8 million expense and/or a removal of a reserve, then he wondered if that \$43 million represented the entire Fund Balance or just an unrestricted amount – and that amount could increase by unrestricting items. Ms. Thurman replied that the \$43 million is the amount available to the County as the new GASB dictates. The unrestricted portion is the biggest part of the budget and the other is an assigned portion; i.e., an amount of \$6 million has been assigned to and can only be spent on the airport settlement item. The only way to unassign an amount and put it in the total unreserved is to go through Board approval. If the airport lawsuit settlement is less than anticipated, then the Board can approve a resolution to assign only the amount needed and the rest will go to the unreserved.

Commissioner Hambrick asked if the 95% collection projection were on the collection of property taxes. Ms. Thurman responded yes. Last fiscal year the projection was 92% of the gross property taxes, as outlined in the budget book. A 95% collection rate is projected for FY-2014. Commissioner Hambrick questioned if the 95% collection rate took into consideration all of the appeals that the County has. Ms. Thurman said yes, she had worked with the Tax Assessor and the Tax Commissioner in determining this percentage and they all believed it was fairly accurate and attainable.

Commissioner Hambrick next questioned the County's forensic audit. She wanted to know the current amount spent on the audit and the funding source for it. Ms. Thurman acknowledged that she did not have that information with her at this time; however, she knew that amount was not included in the budget for next year. That would be a decision for the Board to make and allocate from the Fund Balance or make adjustments in expenditures somewhere else in the budget. Ms. Thurman believed that a payment of \$25,000.00 or \$35,000.00 had been made for the forensic audit, but she was not certain at this time. Chairman Turner stated that Ms. Thurman could provide Commissioner Hambrick a more accurate figure later. Commissioner Hambrick rebutted that she had heard a payment of \$103,000.00 had been made, so she would appreciate an accurate figure. She also requested home values/sale figures that were closer to the Clayton County Tax Assessors Office figures. Ms. Thurman agreed to get that information for Commissioner Hambrick in the near future.

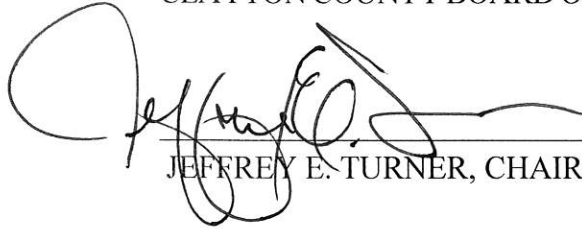
Clerk Haywood alerted the Board that one person from the public, David Clark, had signed up to speak before the Board at this hearing. Mr. Clark's comments were as follows:

PUBLIC COMMENT:

David Clark thanked Chairman Turner for his leadership in this budget process as well as Ms. Thurman for doing the "heavy lifting." He really appreciated this Board's adherence to "transparency," especially in presenting the budget online. In the past, this information was hidden from public view. Mr. Clark recalled that he often had to go to the State Attorney General in order to get the budget document published in accordance with O.C.G.A./Georgia Law. He noted that he had been looking in the budget for the items listed under Resolution 2011-90 regarding an energy savings contract with Trane and had e-mailed Ms. Thurman about this matter. Per this contract, the County was supposed to have \$900,000.00 in energy savings plus \$213,000.00 in direct revenues through carbon commodity trading. Mr. Clark stated that he did not see any of those figures reflected in the budget under "Revenue." He was certain the Board would agree with him that trading carbon credits is a tricky market at best, and the County's commodity trader is probably working overtime to achieve that \$213,000.00 goal. Mr. Clark also stated that he had a difficult time trying to locate the rental property revenue from Lake City, Georgia. A Pizza Hut, dry cleaners, and nail salon were supposed to be relocating in that area to accommodate a movie sound stage. He urged the Board to continue conducting the County's forensic audit, regardless of cost, because it is a worthwhile and necessary item to regain public trust. Regarding the decline of home values, Mr. Clark informed everyone that his previously appraised \$300,000.00 home now has an appraised value of \$74,000.00.

There being no further business to discuss, motion by Commissioner Rooks, second by Chairman Turner, to adjourn the Public Hearing on the Proposed FY-2014 Budget Adoption at 6:24 p.m. Vote unanimous.

CLAYTON COUNTY BOARD OF COMMISSIONERS



JEFFREY E. TURNER, CHAIRMAN

(Absent)

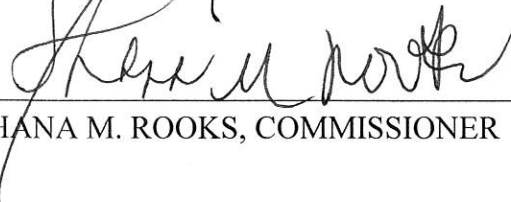
MICHAEL EDMONDSON, VICE-CHAIRMAN



SONNA SINGLETON, COMMISSIONER



GAIL B. HAMBRICK, COMMISSIONER



SHANA M. ROOKS, COMMISSIONER

ATTEST:



SHELBY D. HAYWOOD, CLERK